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U.S. District Court  
DISTRICT OF ARIZONA (Phoenix Division)  
CIVIL DOCKET FOR CASE #: 2:07-cv-01968-FJM  
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**SOLICITOR****OCT 19 2007**

U.S. PATENT &amp; TRADEMARK OFFICE

United Services Automobile Association v. LPL Licensing,  
L.L.C., et al  
Assigned to: Judge Frederick J Martone  
Cause: 35:271 Patent Infringement

Date Filed: 10/12/2007  
Jury Demand: Plaintiff  
Nature of Suit: 830 Patent  
Jurisdiction: Federal Question

**Plaintiff**

**United Services Automobile  
Association**  
*a reciprocal inter insurance exchange  
also known as  
USAA*

Pat. # 5,987,434  
6,076,072  
6,999,938

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V.

**Defendant**

**LPL Licensing, L.L.C.**  
*a Delaware Limited Liability Company*

**Defendant**

**Phoenix Licensing, L.L.C.**  
*an Arizona Limited Liability Company*

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# CERTIFICATE OF SERVICE



I hereby certify that on October 12, 2007, I electronically transmitted the attached document to the Clerk's Office using the CM/ECF System for filing and transmittal of a Notice of Electronic Filing to the CM/ECF registrants:

s/Susanne Wedemeyer

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Date Filed	#	Docket Text
10/12/2007	 <u>1</u>	COMPLAINT. Filing fee received: \$ 350.00, receipt number 1500421, filed by United Services Automobile Association (USAA). (Attachments: # <u>1</u> Exhibit Exhibit A# <u>2</u> Exhibit Exhibit B# <u>3</u> Exhibit Exhibit C# <u>4</u> Civil Cover Sheet Civil Cover Sheet# <u>5</u> Summons Summons LPL Licensing, L.L.C.# <u>6</u> Summons Summons Phoenix Licensing, L.L.C.)(Dunkelman, Brett) (Entered: 10/12/2007)
10/12/2007	 <u>2</u>	Corporate Disclosure Statement by United Services Automobile Association (USAA). (Dunkelman, Brett) (Entered: 10/12/2007)
10/12/2007		This case has been assigned to the Honorable Frederick J. Martone. All future pleadings or documents should bear the correct case number: CV 07-1968-PHX-FJM. (Entered by REK) (Entered: 10/15/2007)
10/12/2007	 <u>3</u>	Notice re Magistrate Consent Form (REK) (Entered: 10/15/2007)

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24 UNITED STATES DISTRICT COURT  
25 DISTRICT OF ARIZONA

26 United Services Automobile Association, a  
27 reciprocal inter insurance exchange,

28 Plaintiff,

v.

LPL Licensing, L.L.C., a Delaware Limited  
Liability Company; and Phoenix Licensing,  
L.L.C., an Arizona Limited Liability  
Company,

Defendant.

No. \_\_\_\_\_

**COMPLAINT FOR  
DECLARATORY RELIEF**

As and for its Complaint, Plaintiff United Services Automobile Association  
("Plaintiff" or "USAA") alleges as follows:

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## PARTIES

1. USAA is a reciprocal inter insurance exchange organized and existing under the laws of Texas with its principal place of business located at 9800 Fredericksburg Road, San Antonio, Texas, 78265. USAA has significant operations located at 25500 Norterra Parkway, Phoenix, Arizona, 85027. USAA and its affiliates market and sell insurance and financial services and products.

2. On information and belief, Defendant LPL Licensing, L.L.C. ("LPL") is a Delaware limited liability company having a principal place of business at 10947 East Lillian Lane, Scottsdale, Arizona, 85255.

3. On information and belief, Defendant Phoenix Licensing, L.L.C. ("Phoenix") is an Arizona limited liability company having a principal place of business at 10947 East Lillian Lane, Scottsdale, Arizona, 85255.

## JURISDICTION

4. This is an action under the Federal Declaratory Judgments Act, 28 U.S.C. §§ 2201 and 2202, for a declaration pursuant to the patent laws of the United States, 35 U.S.C. § 1 *et seq.*, that U.S. Patent Nos. 5,987,434; 6,076,072; and 6,999,938 ("the patents-in-suit") are not infringed by USAA or are invalid or both.

5. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 (federal question) and 1338(a) (action arising under an Act of Congress relating to patents).

6. This Court has personal jurisdiction over Defendants because, on information and belief, both LPL and Phoenix have principal places of business in this district.

## VENUE

7. Venue is proper under 28 U.S.C. §§ 1391 (b) and 1391(c), because *inter alia* both LPL and Phoenix reside in this venue.

## GENERAL ALLEGATIONS

8. On information and belief, Phoenix is the assignee of the patents-in-suit; LPL has the exclusive right to license the patents-in-suit; and LPL at all times has acted in

1 concert with and/or with the approval of Phoenix. On information and belief, the patents-  
2 in-suit are alleged to relate to apparatuses and methods for transacting, marketing, and  
3 selling financial products.

4 9. Defendants have asserted that various USAA activities in offering and  
5 marketing financial products and services infringe the following patents-in-suit:

6 (a) U.S. Patent No. 5,987,434 (the "434 Patent"), issued on November 16, 1999,  
7 entitled "Apparatus and Method for Transacting Marketing and Sales of Financial  
8 Products."

9 (b) U.S. Patent No. 6,076,072 (the "072 Patent"), issued on June 13, 2000, entitled  
10 "Method and Apparatus for Preparing Client Communications Involving Financial  
11 Products and Services."

12 (c) U.S. Patent No. 6,999,938 (the "938 Patent"), issued on February 14, 2006,  
13 entitled "Automated Reply Generation Direct Marketing System."

14 10. True and correct copies of each of these patents are attached hereto as  
15 Exhibits A through C.

16 11. On December 17, 2004, LPL sent Mr. Robert G. Davis, Chairman and Chief  
17 Executive Officer of USAA correspondence alleging that USAA infringes multiple claims  
18 of the '434 Patent. In the same correspondence, LPL alleged that USAA is infringing  
19 claims of the '072 Patent. Also in the same correspondence, LPL indicated that there were  
20 over 700 additional claims pending before the United States Patent and Trademark Office  
21 (the "PTO") that LPL asserted also applied to USAA's business. Some of these pending  
22 claims thereafter issued as part of the '938 Patent.

23 12. On June 20, 2005, the following LPL representatives met with USAA:  
24 Mr. Richard Libman, the listed inventor on the three patents-in-suit; Mr. Tom Major, who  
25 was believed to be the president of LPL; Mr. Todd Brown, who was the vice president and  
26 believed to be acting CFO of LPL at the time; and (by phone) Mr. Mike Lee, a partner  
27 with the law firm of Sterne, Kessler, Goldstein & Fox, PLLC in New York who was  
28 representing LPL in licensing matters. During the meeting, LPL presented USAA with a

1 licensing proposal that would avoid litigation, and cover all of USAA's businesses.

2 Mr. Brown of LPL argued that this broad license was both necessary and prudent for  
3 USAA based on the purported breadth and strength of LPL's issued patents and the many  
4 pending claims before the PTO expected to issue in the near term.

5 13. Since the June 20, 2005 meeting through the present time, LPL has engaged  
6 in multiple telephonic conversations with USAA regarding the patents-in-suit. During  
7 these conversations, LPL has continuously asserted its belief in USAA's purported need  
8 to license LPL's entire patent portfolio, including all three patents-in-suit.

9 14. On April 23, 2007, LPL's General Counsel, Shawn Diedrich, transmitted  
10 correspondence to USAA entitled "Re: LPL Offer of License – USAA." Among other  
11 things, LPL's in-house lawyer appended claim charts to his correspondence purporting to  
12 demonstrate how USAA's activities meet claim 2 of the '434 Patent and claim 184 of the  
13 '938 Patent.

14 15. On July 10, 2007, State Farm Mutual Automobile Insurance Company  
15 ("State Farm") filed a complaint for declaratory judgment in this Court. *State Farm*  
16 *Mutual Automobile Insurance Company v. LPL Licensing, L.L.C. et al*, No. 2:07-cv-  
17 01329-MHM (D. Ariz. Jul. 10, 2007). This complaint asserted that State Farm did not  
18 infringe the '434, '072, and '938 Patents (the patents-in-suit), and/or that these three  
19 patents-in-suit are invalid.

20 16. On August 31, 2007, more than seven weeks after State Farm filed its  
21 complaint for declaratory judgment in this Court, Defendants filed a complaint in the  
22 Eastern District of Texas against USAA Federal Savings Bank, a subsidiary of USAA,  
23 and against USAA Savings Bank, a subsidiary of USAA Federal Savings Bank  
24 (collectively, the "USAA Entities"). *Phoenix Licensing, L.L.C. et al v. Chase Manhattan*  
25 *Mortgage Corporation et al*, No. 2:07-cv-00387-TJW-CE (E.D. Tex. Aug. 31, 2007) (the  
26 "Texas Action"). In the Texas Action, Defendants alleged that the USAA Entities  
27 infringe the '434 and '938 Patents. Before attempting to serve the USAA Entities in the  
28 Texas Action, representatives of Defendants contacted USAA to discuss USAA's

1 purported need to license Defendants' entire patent portfolio and indicated a continued  
2 interest in discussing such a license rather than proceed with the litigation. As of the  
3 filing of this Complaint for Declaratory Relief, Defendants have not yet served the USAA  
4 Entities in the Texas Action.

5 17. Plaintiff denies that it infringes any valid claim of the patents-in-suit.

6 18. In view of the facts and circumstances here, including: (1) LPL's assertions  
7 that USAA infringes the patents-in-suit, (2) LPL's demands that USAA pay royalties  
8 based upon identified activity of the USAA Entities, (3) LPL's filing of a patent  
9 infringement lawsuit against the USAA Entities; and (4) USAA's contention that it and its  
10 affiliates have the right to engage in the accused sales and marketing practices without a  
11 license, an actual and justiciable controversy exists between USAA and Defendants  
12 concerning whether USAA infringes any valid claim of Defendants' patents-in-suit.  
13 Plaintiff now seeks a declaratory judgment that it does not infringe the patents-in-suit  
14 and/or that the patents-in-suit are invalid.

15 **FIRST CLAIM FOR RELIEF**  
16 **(Declaratory Judgment of Non-infringement and Invalidity as to the '434 Patent)**

17 19. Plaintiff incorporates by reference paragraphs 1 through 18 above as though  
18 fully set forth herein.

19 20. Plaintiff has not infringed and is not infringing, directly, indirectly,  
20 contributorily, by active inducement, or otherwise, any valid claim of the '434 Patent as  
21 properly construed.

22 21. Plaintiff cannot be liable for infringement of the '434 Patent because the  
23 claims are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and/or  
24 112.

25 **SECOND CLAIM FOR RELIEF**  
26 **(Declaratory Judgment of Non-infringement and Invalidity as to the '072 Patent)**

27 22. Plaintiff incorporates by reference paragraphs 1 through 18 above as though  
28 fully set forth herein.



1           23. Plaintiff has not infringed and is not infringing, directly, indirectly,  
2 contributorily, by active inducement, or otherwise, any valid claim of the '072 Patent as  
3 properly construed.

4           24. Plaintiff cannot be liable for infringement of the '072 Patent because the  
5 claims are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and/or  
6 112.

7                                   **THIRD CLAIM FOR RELIEF**  
8                   **(Declaratory Judgment of Non-infringement and Invalidity as to the '938 Patent)**

9           25. Plaintiff incorporates by reference paragraphs 1 through 18 above as though  
10 fully set forth herein.

11           26. Plaintiff has not infringed and is not infringing, directly, indirectly,  
12 contributorily, by active inducement, or otherwise, any valid claim of the '938 Patent as  
13 properly construed.

14           27. Plaintiff cannot be liable for infringement of the '938 Patent because the  
15 claims are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and/or  
16 112.

17                                   **DEMAND FOR JURY TRIAL**

18           Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff hereby demands a trial  
19 by jury of all issues so triable in this action.

20                                   **PRAYER FOR RELIEF**

21           WHEREFORE, Plaintiff prays for relief against Defendants as follows:

22           (a) For a declaration that Plaintiff does not infringe any valid claim of any of the  
23 three patents-in-suit;

24           (b) For a declaration that all claims of the three patents-in-suit are invalid;

25           (c) For a declaration that this is an exceptional case under 35 U.S.C. § 285 and for  
26 an award to Plaintiff of its attorneys' fees and expenses in connection with this action; and

27           (d) For such other and further relief as this Court may deem just and proper.  
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1 DATED this 12th day of October, 2007.

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